



*Quality is Our Bottom Line*

FTR

Thursday, February 14, 2013

**Connecticut Association of Health Plans**

**Testimony regarding**

**HB 6382 AAC THE ELIGIBILITY TO PURCHASE A HEALTH BENEFIT PLAN  
OFFERED BY THE CONNECTICUT HEALTH INSURANCE EXCHANGE**

The Connecticut Association of Health Plans is pleased to offer testimony on HB 6382 AAC the Eligibility to Purchase a Health Benefit Plan Offered by the Connecticut Health Insurance Exchange and applaud the bill for recognizing that implementation of a unified Exchange population is the best way to assure successful and efficient implementation of health care reform. This is particularly true for the provider community, especially hospitals, who bear the great burden of Connecticut's underfunding of reimbursement in the State's Medicaid program.

Connecticut, like most states, is in the thick of developing a Health Insurance Exchange. It is an enormous task and very resource intensive. Predictability of population at this stage of implementation is key to maintaining Connecticut's strong marketplace.

As you know, Connecticut's Medicaid system has for decades paid significantly less than cost for hospital services. This underpayment has resulted in a dramatic "cost shift," with the reimbursement shortfall shifted to those covered by private insurers. Some estimates we have seen indicate that as much as 25% of hospital payments from private insurers goes to covering the cost shift from inadequate Medicaid reimbursement.

If the population referenced in HB 6382 were to be maintained in Medicaid or entered into a different pool, it would only exacerbate the cost shift, by enrolling significant numbers in what is essentially a Medicaid program at Medicaid reimbursement levels. And this addition will come at a time when the payers and their customers will have decidedly less flexibility in their cost structure to accommodate the additional expense.

We would urge the Committee to give favorable action to HB 6382.

Thank you for your consideration.